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24 March 1952

MEMORANDUM FOR: CPY

SUBJECT : FE Division Comments on "Staff Study on Psychological Planning Tasks with Regard to Southeast Asia"

1. The FE Division agrees completely with paragraph III "CONCLUSIONS" of the Staff Study. We feel that paragraph III B states the case accurately, but would suggest that the last sentence of that paragraph be amended by insertion of the words "and nationalist" between the words "anti-communist" and "groups". It is recommended that DCI take a strong stand on the immediate importance of policy determination and joint planning at the PSB level to develop a thoroughly realistic strategy plan in cognizance of paragraph III.

2. However, we wish to point out that the accompanying "Outline of Strategic Factors" does not support the conclusions. It contains some errors in fact, some errors of omission, and, in our opinion, many errors in interpretation and/or emphasis. The Outline is so compiled that it is impossible for the reader to distinguish which statements constitute intelligence analysis, which accepted policy, and which recommended policy. Although admittedly it is intended to be a brief, our country desk officers consider it quite useless as an analysis on which to base policy recommendations. It is suggested that the entire Outline be submitted to ONE for correction.

3. The following very general comments on the Outline of Strategic Factors are submitted:

a. Section II, Political Units should be revised to carry a precise statement of the present political status (form of government) of each of the six countries.

b. Section II A, Indochina needs major revision. In particular, lines 6-8 page 6 should be revised to read "The Communist Viet Minh is the only important organized and militarily strong group actively opposing the French".

c. Section II B, Thailand, makes no direct reference to the traditional strong influence of the military and police in Thai politics. The study advocates political reform while taking no cognizance of the fact that under the existing power system, the ruling group alone has the capability of initiating such reform.

d. Page 9 line 11

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d. Page 9 line 11 and page 21 line 26 should be amended to include the Philippines among nations contributing to the UN effort in Korea.

e. Page 11, paragraph D, Malaya Minorities. This section should be rewritten. While admittedly the communist terrorism in Malaya is serious, most experts agree that Indo-China and Burma are the two countries most immediately threatened by communism. This estimate is confirmed in your conclusion paragraph III C.

f. Section II F, Indonesian Economy page 15, should be revised to point up the fact that Indonesia is the major source for oil in Asia.

g. Section III, Overseas Chinese page 17, should emphasize more strongly the economic influence of Overseas Chinese who are the business men of most communities.

h. Section III, Local Chinese Controls, should note that British recognition of Communist China has placed them in an awkward policy position in fighting the predominantly Chinese rebels in Malaya.

i. Section IV, The Relations of South East Asia to Japan pages 20-24, contains many points on which we request clarification. First, it mentions rearmament as a controversial aspect of the Peace Treaty without mentioning that the Treaty was intentionally worded to omit reference to the armament issue. Secondly, it implies page 21 line 28, that U.S. Policy in the Far East is to use Japan to fill the power vacuum. We have not seen this policy so positively stated to date. Thirdly, it discusses the question of the reorientation of Japanese trade to Southeast Asia as though this were accepted policy. Is this so? It also implies, page 22 line 22, that Japanese trade with the mainland will be eliminated. Is this so? Our strategic planning for Japan has taken realistic cognizance of the fact that a free Japan probably in time will trade with the mainland to some degree. This whole question needs careful consideration in the light of the over-all strategic picture.

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from P. S. B.

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